

Message Text

UNCLASSIFIED

PAGE 01 TAIPEI 04193 130215Z
ACTION XMB-04

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 L-03 /068 W
-----029649 130321Z /62

R 130115Z JUL 77
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 4232

UNCLAS TAIPEI 4193

FOR EXIM BANK

E.O. 11652: N/A
TAGS: BPRO, TW
SUBJECT: ONE YEAR EXTENSION OF US\$8 MILLION CFF FOR CHINA
DEVELOPMENT CORP.

REF: UNCLAS STATE 159651

1. CDC INFORMED EMBASSY THAT COMMITTED CFF TO DATE TOTALS
US\$6.3 MILLION. FOR UNCOMMITTED PORTION, CDC SEES NO PROSPECT
FOR BORROWERS YET BECAUSE CFF LOANS ARE NOT ATTRACTIVE AFTER ROC
INTEREST RATES WERE LOWERED IN APRIL. NOW ANNUAL RATE ON CFF
LOANS CHARGED TO BORROWERS (10 PERCENT DERIVED FROM AVERAGE OF
8 PERCENT FROM EXIM BANK AND 10 PERCENT FROM CENTRAL BANK OF
CHINA PLUS 1 PERCENT) IS HIGHER THAN FOREIGN CURRENCY LOANS,
PROVIDED BY CBC THROUGH COMMERCIALS BANKS WHICH CHARGE CUSTOMERS
9.5 PERCENT ON FIVE-YEAR LOANS.

2. IN FIRST HALF OF 1977, ROC BALANCE OF PAYMENTS HAS BEEN
STRENGTHENED AND NET FOREIGN EXCHANGE RESERVES ACCUMULATED TO
CONSIDERABLE AMOUNT (US\$3.568 MILLION AT END OF MAY.) THIS
TOGETHER WITH REDUCTION OF INTEREST RATES (EXCEPT FOR CFF
COUNTERPART PROVIDED BY CBC) ON APRIL 1 WILL EASE DEMAND FOR IMPORT
FINANCING FROM ABROAD IN NEAR FUTURE. MOREOVER, EXCESS CAPACITY,
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ESPECIALLY FOR TEXTILE INDUSTRY WHICH HAS BEEN LEADING EXPORTER IN
THE PAST, WILL PREVENT SOME DEMAND FOR FOREIGN LOANS FOR FACILITY
EXPANSION PROJECTS. THUS, ALTHOUGH EMBASSY DOES NOT OBJECT TO
ONE-YEAR EXTENSION, WE DO NOT RECOMMEND THAT CDC'S REQUEST BE GIVEN
HIGH
PRIORITY.
UNGER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TAIPEI04193
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ISecure: 1
Legacy Key: link1977/newtext/t19770760/aaaacaby.tel
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
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TAGS: BPRO, TW
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vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/6f40d76b-c288-dd11-92da-001cc4696bcc
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